

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION **RECEIVED**

In the Matter of:

DEC 20 2004

**THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR APPROVAL OF NEW RATE)
TARIFFS CONTAINING A MECHANISM FOR)
THE PASS-THROUGH OF MISO-RELATED)
REVENUES AND COSTS NOT ALREADY)
INCLUDED IN EXISTING BASE RATES)** **CASE NO. 2004-00460**

PUBLIC SERVICE
COMMISSION

AMENDED APPLICATION

Kentucky Utilities Company ("KU"), pursuant to KRS 278.180, 807 KAR 5:001, Section 8, and 807 KAR 5:011, Sections 6 and 9, hereby petitions the Kentucky Public Service Commission ("Commission") by application to issue an order approving a new rate tariffs containing a mechanism for the pass-through of MISO-related revenues and costs not already included in existing base rates for KU. In support of this Application, KU states as follows:

1. Address: The Applicant's full name and business address is: Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU's mailing address is P.O. Box 32010, Louisville, Kentucky 40232.

2. Articles of Incorporation: A certified copy of KU's Articles of Incorporation is already on file with the Commission in *In the Matter of: Joint Application of E.ON AG, PowerGen plc, LG&E Energy Corp., Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition*, Case No. 2001-104, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

3. KU is a public utility, as defined in KRS 278.010(3)(a), engaged in generating, transmitting and distributing electric service. KU provides service to approximately 486,000

customers in communities and rural areas in the following counties in central, northern, southeastern and western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

4. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Kent W. Blake
Director - State Regulations and Rates
LG&E Energy LLC
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232

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A detailed summary of the facts and compliance requirements supporting this Application is set forth in the direct testimony and exhibits of the Company's witnesses: Kent W. Blake, Director - State Regulations and Rates, and Robert M. Conroy, Manager - Rates, all of which accompany this Application and are incorporated by reference.

5. With this Application, KU is requesting the approval of a ratemaking mechanism pursuant to the Commission's authority under KRS 278.030 for the pass through to customers of its monthly net costs and revenues associated with the Midwest Independent Transmission System Operator, Inc. ("MISO")'s Open Access Transmission and Energy Markets Tariff ("EMT") not already included in KU's existing electric base rates. The EMT is a wholesale power tariff filed with and approved by the Federal Energy Regulatory Commission for the purpose of allowing MISO to conduct and administer real-time and day-ahead energy markets. KU is a member of MISO and effective March 1, 2005, will begin participating in these wholesale energy markets under the terms and conditions of the EMT.

6. The ratemaking mechanism proposed by KU, titled "MISO EMT Cost Recovery Mechanism" is fully set forth in the rate schedule marked the same and filed December 1, 2004 with the Commission with a proposed effective date of January 1, 2005. KU is asking the Commission to approve the proposed MISO EMT Cost Recovery Mechanism Tariff, effective on and after January 1, 2005. KU's existing base rates will not change as a result of this new tariff. The proposed ratemaking mechanism, if approved, will allow KU to pass through to customers the net costs and revenues incurred as a result of MISO's EMT at a rate per kilowatt-hour of monthly consumption, beginning with the costs and revenues incurred in March 2005. Actual charges or credits will vary based upon the net charges or credits billed to KU by MISO under the EMT.

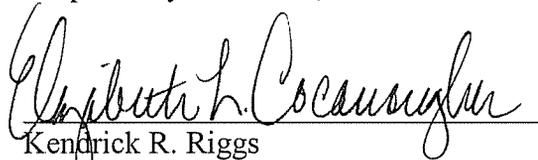
7. This Application and supporting testimony and exhibits are available for public inspection at each KU office where bills are paid. The Company is giving notice to the public of the proposed change to its new rate tariff by newspaper publication and by separate mailing or through a bill insert in monthly billings to its customers. An initial Certificate of Notice and Publication is filed with this Application. A Certification of Completed Notice and Publication will be filed with the Commission upon the completion of this notice.

WHEREFORE, Kentucky Utilities Company requests the Commission:

1. allow the MISO EMT Cost Recovery Mechanism Tariff to take effect January 1, 2005; or
2. in the alternative, if the Commission determines to investigate MISO EMT Cost Recovery Mechanism Tariff after January 1, 2005, to complete such investigation and issue an order approving the MISO EMT Cost Recovery Mechanism Tariff for bills rendered on and after May 1, 2005; and if such investigation cannot be completed before May 1, 2005, to allow KU to implement the MISO EMT Cost Recovery Mechanism Tariff, subject to refund, for bills rendered on and after May, 1, 2005, with the refund of any revenues collected during the month of May 2005 to be made prospectively in the form of a bill credit, following the issuance of the Commission's order thereafter.

Dated: December 20, 2004

Respectfully submitted,



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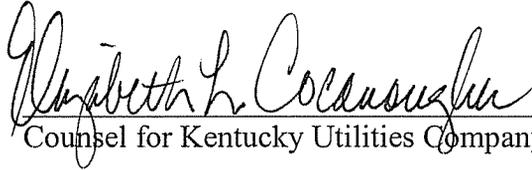
Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 20th day of December 2004, U.S. mail, postage prepaid:

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